

**The following are “DRAFT” Minutes of the Small Business Loan Fund Corporation Board of Directors, Meeting held on December 9, 2004. Upon acceptance of the Minutes by the Board of Directors, the Minutes will be posted in their approved form.**

**Alicia A. Pomfret**

**Assistant Financial Analyst**

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**“DRAFT”**

**SMALL BUSINESS LOAN FUND CORPORATION**

**MINUTES OF THE BOARD OF DIRECTORS**

**DECEMBER 9, 2004**

**A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of**

**the Rhode Island Economic Development Corporation, One West Exchange Street, Providence, Rhode Island on December 9, 2004, at approximately 9:05 a.m.**

**Present were Board Members: Raymond Fogarty (Chair), Richard DeMerchant, Maurice Paradis, William Parsons and Edward Rendine. Also present were: Earl Queenan, Anthony Scolavino, Philomena Teixeira, and Alicia Pomfret, staff, along with SBLFC Counsel, Thomas Moses, of Moses Afonso Jackvony Ltd.**

**Chairman Fogarty called the meeting to order at 9:05 a.m.**

#### **Executive Session:**

**Mr. Parsons made a motion to move the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended. Mr. DeMerchant seconded the motion, which passed unanimously.**

**Upon a motion made by Mr. Paradis, and seconded by Mr. DeMerchant, the Board unanimously voted to return to Public Session at 10:30 a.m.**

#### **Executive Session Vote Ratification:**

**The next item to come before the Board was the ratification of voting held during the Executive Session. The following votes were**

**presented for ratification:**

**Southeastern New England Shipbuilding Corporation d/b/a/ SENESCO Marine**

**To approve the Southeastern New England Shipbuilding Corporation d/b/a/ SENESCO Marine application for a \$1,000,000 loan for capital improvements to be made at the Quonset location. This vote is subject to:**

- 1. the receipt of a Sample Contract, and favorable review by SBLFC staff; and**
- 2. all terms and conditions as outlined in Mr. Scolavino's Credit Offering Memorandum dated November 30, 2004.**

**Minority Investment Development Corporation**

**To approve the application of the Minority Investment Development Corporation, subject to the terms and conditions detailed in Mr. Scolavino's Credit Offering Memorandum dated November 30, 2004.**

**Pequot Industries, LLC, and Northeast Environmental Services, Inc.**

**To approve the Pequot Industries, LLC, and Northeast Environmental Services, Inc. extension request to 45 days beyond the original expiration date of November 26, 2004.**

**RYLA Teleservices, Inc.**

**To extend the Commitment for RYLA Teleservices, Inc. for an**

**additional 45 days beyond the November 26, 2004 expiration date.**

#### **Other Business -- Henry Birks & Sons USA**

**To extend the Henry Birks & Sons USA commitment to January 31, 2005.**

**A motion was made by Mr. DeMerchant, was seconded by Mr. Parsons, and was unanimously adopted to ratify all Executive Session Votes.**

#### **Adoption of Minutes:**

**Mr. Fogarty presented the Open Session and Executive Session Minutes of the Meeting of October 28, 2004. Following review and discussion of both sets of Minutes, a motion was made by Mr. Parsons, was seconded by Mr. Rendine, and was unanimously approved to accept the Open Session and Executive Session Minutes of the Meeting of October 28, 2004 as submitted.**

#### **Executive Minutes:**

**A motion was made by Mr. DeMerchant, was seconded by Mr. Parsons, and was unanimously approved to maintain the confidentiality of the Executive Session Minutes of the Meeting of October 28, 2004.**

#### **Other Business**

**Mr. Scolavino stated that he would like to discuss the K-2 Partnering**

approved loan under Other Business. He explained that due to technical problems, Mr. Leonard's Schwab fund account cannot be pledged to the SBLFC as collateral for the loan, therefore, the loan amount will be reduced from \$250,000 to \$215, 000 in lieu of not having the Schwab account as additional collateral. Also attorney Moses stated that the Legg Mason Fund is requiring a corporate resolution to allow the SBLFC to secure the K-2 loan with Mr. Wnek's Legg Mason stock account. Mr. Scolavino and Mr. Moses requested Board approval of both items. A motion to approve both requests was made by Mr. Parsons, was seconded by Mr. DeMerchant, and was approved. Because of a conflict of interest, Mr. Rendine recused himself from this vote.

#### **Cash Position / Portfolio Activity / Watch List:**

Mr. Fogarty presented the Report of Cash Position, dated November 30, 2004, for review and discussion. There was no discussion on this matter. Mr. Scolavino reported that the Receiver for Beaver River Golf Course has obtained an offer to purchase the Course for \$3,475,000, subject to Court approval. A hearing on the matter was held on

December 6, 2004, but was continued to December 13, 2004, in order to allow a potential purchaser from New Zealand to place a purchase bid which could be in excess of the current high bid. Mr. Scolavino also gave an update on the collection of the Aldo Tech loans, the RIBCO forbearance agreement workout, which is scheduled to be signed on

**December 16, 2004, and the Beraducci loan workout status. He also notified the Board that Gateway Eight, with a legal loan outstanding balance of approximately \$289,000 of which \$250,000 is principal, filed a Bankruptcy Chapter 11 petition.**

**Upon a motion made by Mr. Parsons, and seconded by Mr. DeMerchant, the Board unanimously voted to adjourn the meeting. The meeting concluded at 10:47 a.m.**

**Respectfully submitted,**

**Earl F. Queenan, Jr.**

**Director of Accounting & Finance**